

LOWER PAXTON TOWNSHIP
BOARD OF SUPERVISORS

Minutes of Workshop Meeting held November 18, 2014

A budget workshop meeting of the Board of Supervisors of Lower Paxton Township was called to order at 6:53 p.m. by Chairman William B. Hawk, on the above date in the Lower Paxton Township Municipal Center, 425 Prince Street, Harrisburg, Pennsylvania.

Supervisors present in addition to Mr. Hawk were: William C. Seeds, Sr., William L. Hornung, Gary A. Crissman, and Robin Lindsey.

Also in attendance was George Wolfe, Township Manager; Steve Stine, Township Solicitor, and Watson Fisher, SWAN.

Pledge of Allegiance

Mr. Seeds led in the recitation of the Pledge of Allegiance.

Public Comment

No public comment was provided.

2015 Budget Preparation

Administration

Mr. Wolfe noted that this is the tenth or twelfth overall budget or financial meeting the Board has held since July of this year. He noted that the Board has been actively working on the 2015 budget but also the budget into future years going out to 2019. He noted that the budget will be adopted on December 16th, as well as the Strategic Plan which maps desired capital improvements and Township spending through to 2019.

Mr. Wolfe noted that the Board has already reviewed the individual Department budgets and the General Fund as well as the Lower Paxton Township Authority of which the Authority Board approved on November 10, 2014. He noted that the Board has reviewed the budget from the Friendship Center and the Authority that are operated like an enterprise fund as opposed to a

governmental budget. He noted that you have also reviewed the General Improvement Fund which is the Township's capital fund for projects for 2015.

Mr. Wolfe noted that the last item in the budget process is the Administrative portion of the Lower Paxton Township General Fund budget. He noted that the budget for the General Fund (GF) has expenditures of \$21,003,732 and it is not balanced yet. He noted that he is \$130,000 short which is less than half of a percent and an insignificant amount. He noted that the budget can be balanced without any major reworking of the budget. He explained that he has not done that yet as he wants the Board to see the entire budget prior to staff putting it in a balance form. He noted that the General Fund budget must be balanced upon its adoption which will occur on December 16th. He noted that he is looking at a total expenditures in 2015 of \$21 million.

Mr. Wolfe noted that he will highlight the items of significance in the 2015 budget. He noted that Lower Paxton Township has the highest assessment for real estate taxes in Dauphin County with an assessed valuation of over \$3 billion. He noted that the current rate of taxation is 1.3 mills and is based upon the \$3 billion assessment producing in 2014, \$3.7 million. He noted that the 2015 budget will increase the real estate tax millage based upon the Board's Strategic Planning process by .4 mills. He noted that it will take the real estate tax millage rate to 1.7 mills in 2015 and will generate by real estate tax \$4,930,000.

Mr. Wolfe noted that the .4 mills increase in tax is one discussed significantly as the Board underwent the strategic planning process. He noted that the need for the .4 mills increase in the real estate tax is based upon the Board of Supervisors not maintaining current municipal services but to increase the services provided to the community.

Mr. Wolfe explained that he would list the new items that will be included in the 2015 Budget, from an article that will be published in the December/February 2014-2015 edition of the Township Newsletter. He noted that the Board plans to hire two additional police officers noting that the current roster is at 54 officers, the lowest level of approved compliment of officers since the last ten years. He noted that in 2007 there were 62 police officers working in the Township. He explained that the Board is also looking to establish a canine unit with an officer and police dog. He noted that it will provide for a total new compliment of 57 officers, two additions for patrol and one for the canine unit. He noted that the Board plans to expand the

Public Works facility, noting that the 30-year old building is too small for the current operations with the Board already borrowing \$4 million to begin this project. He noted that the debt service for the borrowing will begin in 2015. He noted that the Board plans to repair or replace storm sewers that are failing and reached the end of their useful life. He noted this past year, the Board borrowed an additional \$3 million to undertake stormwater improvements and plans to spend about \$1.25 million in each of the next three years on stormwater improvements. He noted that the debt service payment will begin in 2015.

Mr. Wolfe noted that the Board plans to increase the compliment in its Public Works Department by hiring an additional laborer. He noted that it will improve and upgrade additional parks including addressing mandatory American's with Disability Act Improvements required for accessibility. He noted that the Board plans on implementing Phase One of its Wolfersberger Park project by beginning the fill work that is necessary to do before beginning the park. He noted that the Board plans to expand the capacity of the Compost Facility so that it can address an ever increasing demand for the leaf waste material processing but also to produce a better product so that it is more marketable to the community.

Mr. Wolfe noted that the Board has discussed the effect of these items on the budget and he highlighted this when he discussed the Administrative budget and real estate taxes noting that is where these specific additional new costs for 2015 will receive their revenue to be funded.

Mr. Wolfe noted that the largest source of tax revenue is the Earned Income Tax (EIT) that is budgeted in 2015 at \$7.2 million. He noted that he is not showing an increase in the budget amount from 2014 to 2015 as we continue to have laagered conditions in our community and do not see it on the rise in the next year. He noted that the Local Services Tax (LST) is unchanged at about \$1 million and the Real Estate Transfer Tax is expected to come in at \$760,000. He noted that Lower Paxton Township has two major sources of revenue and two minor sources of revenues. He noted that the two major sources are the EIT and Real Estate Tax, and the two minor sources are the LST and the Real Estate Transfer Tax. He noted that the only one of those revenue sources that this Board can increase or change is the Real Estate Tax. He noted that the other three sources cannot be altered.

Mr. Wolfe noted that other sources of revenue that are included in Administration are the Cable Franchise fee that is almost \$1.2 million and intergovernmental revenues that include Utility taxes, alcoholic beverage licenses, state aid for pensions, and state aid for fire fighters. He noted that those sources total \$1.1million. He noted that the Township Authority Management Agreement reimbursement has been reviewed by the Board where the Township pays upfront certain expenses for the Authority and then the Authority reimburses the Township at a little more than \$2 million for 2015.

Mr. Wolfe noted that the Township pays up front expenses for the Friendship Center and it provides a reimbursement for those expenses, noting in 2015, that amount is projected to be \$242,925.

Mr. Wolfe noted that prior year's cash will have at least \$235,000 going to fund the General Improvement Fund for capital projects. He noted that this Board has always taken prior year's revenues from the General Fund, the saving account, and transfer them into the General Improvement Fund for operations in the next year. He noted that it would show up in this line item.

Mr. Wolfe noted that the remaining administrative items are rather small in nature and he would be happy to address any questions at this time.

Mr. Seeds questioned if the proceeds that we get from the rental of the satellite towers and the newest small one that they will put on the traffic posts are included in the budget. Mr. Wolfe answered that rental facilities are line item 3001.342.01, rental of land and buildings. He noted that it as \$60,800 and next year it is \$85,000 in budget due to the expected revenue from Verizon. Mr. Seeds noted that the other one is the tower at Public Works. Mr. Wolfe explained that the Township sold that tower. He noted that the other rental facilities are a portion of this municipal center, and some other rental agreements.

Mr. Wolfe noted the he would only highlight those line items with any specific change. He explained that first line item is telephone expense noting that it looks like it doubled from 2014 to 2015. He explained that the Township has a lease agreement of \$12,000 that is paid every year for telephone maintenance agreement.

Mr. Wolfe noted that training and seminars will be decreased to \$7,000 and dues and subscriptions will decrease to \$8,000. He noted that computer network expense, costs for computer services at our facilities has increased and will be increasing in part to what we want to accomplish through our strategic plan. He noted that he expects to increase the line item by \$75,000 from \$150,000 to \$225,000. He noted that most of the other line items remain fairly unchanged or only changed through the natural rates of inflation. He noted that the special legal services has been reduced from \$30,000 to \$5,000, noting that in 2014 it was planned for potential arbitration with the police officers; however, we were successful in negotiating a contract extension for two additional years. He noted that arbitration was avoided and the budget is back to its normal expenditure of \$5,000.

Mr. Wolfe noted that the public safety and fire services numbers do not change but he wants to explain that they are funded by a dedicated portion of the real estate tax. He noted at the new 1.7 mill rate, .318 is for fire protection. He noted that the Township will be contributing \$455,813 to the three fire companies, in addition to paying for all the fire hydrants expenses at \$240,000 and the EMS contribution will increase to \$50,000. Mr. Seeds questioned if the money for EMS, line item 01-4110-412.01, is part of the dedicated tax for fire protection. Mr. Wolfe answered that it is funded through the General Fund and not fire tax. He noted that the dedicated millage rate of .318 is only for fire services, noting that the Fire Equipment Capital Plan and LOSAP are also funded by that rate. Mr. Seeds questioned if the fire hydrants come out of the General Fund. Mr. Wolfe answered that it comes out of the dedicated fire tax. Mr. Seeds noted that it is a lot of money to pay for fire hydrants. Mr. Wolfe noted that the Public Utility Commission sets the rates for rental of fire hydrant use for firefighting services and we have no choice for what we have to pay.

Mr. Wolfe noted that the Sewer Department budget was presented by Mr. Weaver at the Sewer Authority meeting, noting that we have a legacy item that needs to be removed now that we have closed the treatment plant at Springford Village and the operators are no longer needed. He noted that the reimbursement from the Sewer Department must also be removed.

Mr. Wolfe noted that the Township is the only community in Dauphin County that supports the County Library system with its own real estate tax levy. He noted that we provide the library system with \$122,400 each year from the General Fund.

Mr. Wolfe noted that the debt service will increase due to borrowing. He noted in 2014, the Board borrowed \$4 million for the Public Works facility and \$3 million for storm water improvements and the debt service payments for those items begins in 2015. He noted that it is listed at the bottom at \$260,833. He noted in 2013, the Board borrowed \$4 million, \$3 million was for stormwater improvement and \$1 million for capital improvements at the FC. He noted that the bond payment began in 2014 and will be in full effect in 2015. He noted that once we ramp up to normal payments, as per the assistance of Mr. Crissman, we will have level debt service.

Mr. Wolfe noted that the allocation to the Friendship Center (FC) from the Township is \$100,000 to fund the Parks and Recreation Department in the FC. He noted in addition to that the Board has added an additional \$25,000 which is a reimbursement to the FC for costs incurred by the FC Senior Center which is established and maintained by the Dauphin County Area Agency on Aging. He noted that the senior center has the name FC Senior Center but it is a separate operating entity, not only from the building itself but also from the Township. He noted that up until last year the FC absorbed the costs for the senior center but last year the Board determined that it was not a proper allocation of the costs for the senior center and that it should become a General Fund line item.

Mr. Wolfe noted that the last item is the FC debt smoothing. He noted that it will be extended eight additional years by Lower Paxton Township, noting that the Township will be paying a portion of the FC's debt with the FC paying the debt smoothing for the 8 remaining years back to the Township. He noted that the debt smoothing amount for 2015 is \$171,743.

Mr. Wolfe noted that employee benefits are required to be segregated into a lump sum item as opposed to an allocation by department. He noted that the benefits that you see before you are for all operating departments to include the Sewer Authority. He noted that the Township's 134 full time employees as well as the benefits for FICA, unemployment, workers compensation that are provided to part time employees of which there are nearly 400, are

included in this section of the General Fund budget. He noted that they remain relatively unchanged, noting that the big item in all of this is medical insurance. He noted that the increase for this year is 6% but in the last five years the Township has not had an increase in medical insurance cost to the self-insured municipal pool of more than 7% with a low of 2%. He noted from 2014 to 2015 the costs for employee benefits remains relatedly unchanged.

Mr. Wolfe noted that the administration budget concludes with the property and causality insurances which are budgeted at \$150,000 for the insurance policy recently executed by the Board with Brown and Brown in October of this year.

Mr. Wolfe noted if you take the Administration budget and add on Parks and Recreation. Public Works, Sewer Department, Code Enforcement, you come up with a General Fund budget of \$21,3732.00 He noted that the budget will be balanced when you go to act on it on December 16th.

Mr. Hornung questioned if the General Fund will decrease by \$200,000 or around \$180,000. Mr. Wolfe questioned if he was on page seven of the budget looking at net total General Fund. Mr. Wolfe answered no since those numbers reflect only the administration and do not reflect the departmental totals. He noted that the \$21 million under expenditures is the departmental total. He noted that he does not have that answer but he will be providing that answer. He explained that he will show the net change from 2014 to 2015 as part of the next budget meeting, and that he expects to have continued budget discussions during the workshop meeting next week specifically in regards to fire department budgets. He noted since there is limited time this evening he suggested covering the forms and fees at that time as well. He noted that the General Fund will go up since you are increasing your spending for the strategic plan by .4 mills.

Mr. Hornung noted that the debt service will go up to include the interest and principal by roughly \$400,000. He questioned how that is being absorbed in the budget. Mr. Wolfe answered that you are funding that in the real estate tax as part of the .4 mills increase. Mr. Crissman noted that is for two years until we get to level debt service. He noted in 2016 we will have level debt service. Mr. Wolfe noted when you borrowed, the Board realized that the increase debt service would be phased in and you would have to increase revenues in 2015 and

2016 to satisfy that. Mr. Crissman noted once we get to that we do not have to go to a tax increase.

Mr. Wolfe noted that we are not done with the budget process as we will have additional budget discussions during the next workshop and if we need to, thereafter, we can have budget discussions on the first or second Tuesday in December. He noted that the Board is scheduled to adopt the budget at it December 16th meeting.

Mr. Wolfe noted that the budget has been advertised for public inspection per the Second Class Code.

Mr. Hawk noted that the only other item on the agenda is the review of municipal fees and charges for services. Mr. Wolfe noted that discussion would take about 45 minutes and as a result it will be pushed to the workshop session next Tuesday night.

Adjournment

There being no further business, Mr. Crissman made a motion to recess the meeting until the next meeting. Mr. Seeds seconded the motion and the meeting recessed at 7:25 p.m.

Respectfully submitted,

Maureen Heberle
Recording Secretary

Approved by,

William L. Hornung
Township Secretary